# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:5189
ANSWERED ON:29.04.2005
COMPENSATION FOR FISCAL DEFICIT FROM RESERVE FUND
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**Will the Minister of FINANCE be pleased to state:**

(a) whether the fiscal position of the country is in poor state;

(b) if so, the details thereof;

(c) whether the Government is contemplating to withdraw amount from the `Reserve Fund` of the Monetary Fund to compensate the fiscal deficit;

(d) if so, the details thereof; and

(e) the amount in Reserve Fund of the Monetary Fund at present?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) and (b): Fiscal consolidation was an integral part of economic reforms introduced in the early nineties. After a promising start in the early nineties, progress in fiscal consolidation faltered somewhat from 1997-98. Fiscal deficit of the Central Government, after declining from 6.6 per cent of GDP in 1990-91 to 4.1 per cent in 1996-97, had risen to 4.8 per cent of GDP in 1997-98 and thereafter maintained a rising trend till 2001-02. Growing deficits and public debt and the resultant declining share of the private sector in total credit have been preventing the economy from realising its growth potential. However, there are some signs of renewed progress in this area in the recent years with the fiscal deficit in 2004-05(RE) at 4.5 per cent of GDP and budgeted for 2005-06 at 4.3 per cent of GDP.

(c ): No, Sir.

(d): Does not arise.

(e): As per Weekly Statistical Supplement (WSS), Reserve Bank of India Bulletin, Reserve Tranche Position (RTP) in the Fund as on April 15, 2005 is US $ 1,430 million.